

dunedin venues

STATEMENT OF INTENT
For the Year Ending 30 June 2022



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1. Introduction

Dunedin Venues Management Limited (DVML) is a specialist event, turf and venue management organisation. It is a Council Controlled Trading Organisation (CCTO) owned wholly by Dunedin City Holdings Limited (DCHL), which is wholly owned by Dunedin City Council (DCC).

2. Purpose of Statement of Intent

This Statement of Intent (Sol) sets out DVML's planned activities and financial forecasts for the next three years. It includes performance measures and targets which form the basis of DVML's organisational accountability and will be reported on in DVML's 2022 Annual Report. This Sol takes DCHL expectations into consideration.

3. Objectives

As a CCTO, DVML has the following objectives, as defined in Section 59 of the Local Government Act (LGA):

- a) Achieve the objectives of its shareholder, both commercial and non-commercial, as specified in the statement of intent; and
- b) Be a good employer as per clause 36 of Schedule 7 of the LGA; and
- c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- d) To conduct its affairs in accordance with sound business practice.

As a DCC Group Company, DVML aims to contribute to the DCC's strategic framework and achievement of city objectives.

DVML recognises the value that locally-based businesses and organisations bring to the community, and will work collaboratively with those organisations to optimise content for the community.



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4. Nature and Scope of Activities

The principal activities of DVML are to:

- Source and secure appropriate events for all venues under its management.
- Plan, host and deliver exceptional events.
- Manage the assets and facilities for which it is responsible.
- Facilitate community access to the venues for which it is responsible.

DVML will contribute to the growth and vitality of Dunedin City by driving strong and sustainable business performance, building a reputation for innovation and excellence in venue management and demonstrating our commitment to the delivery of outstanding event experiences.

The undertaking by DVML of any activity of a nature or scope outside of this would be subject to the prior approval of the shareholder.



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4. Nature and Scope of Activities contd

The ability for DVML to achieve its principal activities is dependent on New Zealand remaining at Alert level 1 and the easing of border restrictions. The below is a summary of each sector of the events industry based on current information and guidelines.

Business Events: The Business Events industry is still in recovery mode; a full recovery is not expected while travel restrictions are in place. Dunedin's market sector has traditionally been national conferences, while other cities previously focused on the international market. As a result of the loss of international conferences, the domestic market is seeing increased competition for business.

Community Events: Funding has been granted for events occurring September 2021 to December 2021 and January 2022 to June 2022.

National Sporting Events: DVML is expecting a full season of Super Rugby in the first half of 2022. The Bunnings NPC domestic rugby competition is scheduled to commence in August.

International Sporting Events: There are currently two international rugby tests scheduled to be played at Forsyth Barr Stadium, All Blacks v Fiji on 10 July and All Blacks v South Africa on 25 September. The ICC Women's Cricket World Cup is scheduled for New Zealand in March and April 2022 – Dunedin matches (3) are in early March 2022.

Cultural Events: The domestic concert market will be busy with an increased number of NZ Bands and artists performing at the Dunedin Town Hall throughout 2021. The Dunedin Craft Beer and Food Festival is confirmed for October 2021. There are currently two international concert acts booked to play at Forsyth Barr Stadium in FY2022. As vaccinations roll out DVML are expecting Promoter interest to increase and additional content to be booked.

5. Corporate Governance

DVML is governed by a board of independent directors appointed by DCHL. Directors meet regularly to direct and control DVML's proceedings.

The role of a director of a CCTO is defined in section 58 of the LGA as "... to assist the organisation to meet its objectives and any other requirements in its statement of intent."

In addition to the obligations of the LGA, DVML is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.

The DVML board operates in accordance with accepted best practice governance.



Raewyn Lovett – Chair



Joanne Conroy



Dylan Rushbrook



Adam La Hood

6. Performance Targets and Other Measures

SAFETY AND COMPLIANCE (DCC Strategic Framework Accountabilities – Social and Wellbeing, Parks and Recreation & Ara Toi Arts and Culture)		
Goals	Objectives	Performance Measures
Maintain business continuity within required Ministry of Health guidelines during a Pandemic.	Maintain a Pandemic Response that ensures business continuity and staff work in a safe and secure environment.	Meet Ministry of Health and Government requirements as set out in New Zealand's Alert Level system which specifies measures to be implemented against COVID-19 at each level. Ensure all staff have access to required systems in the event they are not able to work in the office.
To make safety DVML's first priority and provide a safe environment.	Review the Health and Safety Plan with the Health and Safety Committee each year.	Health and Safety Plan has been reviewed. Corrective actions are prioritised and actioned.
	Work with DVML staff, Contractors and Service Providers to minimise risk across all venues ensuring adequate training is provided.	Site, Contractor and Event Audits show no breaches of agreed procedures. Only inducted Contractors gain entry into venues.
	Report on Health and Safety management and provide statistical data to the monthly board reports.	An Incident Frequency Rate Events (IFRE) < 0.05% of the total number of people attending events at the venues. Total Incident Rate (TIR) < 6 incidents per 200,000 hours worked. Total Recordable Incidents (TRI) < 3. Lost Time Incidents (LTI) < 2. Lost Time Incident Frequency Rate (LTIFR) < 17 per 1,000,000 hours worked.
	Staff education and training is provided to support awareness and legislative requirements under the Health and Safety Work Act 2015.	Staff training is current and meets current legislative requirements.
	Undertake an external self assessment Safe Plus audit.	Continuously show improvement to audit achieving a Performing Score or better across all elements of the Safe Plus criteria within three years.
To meet all of DVML's statutory obligations.	Meet and maintain all statutory, regulatory and resource consent requirements.	No material breaches of legislation.
	Facilities and infrastructure are maintained as fit for purpose and in accordance with the approved current Asset Management Plan.	No material breaches of KPI's as set out in the approved current Asset Management Plan section 4.4.3.
	Report on facilities indicators and provide statistical data to the monthly board reports.	Reports are provided within deadlines and data is acted upon.
To make people feel connected and involved in Dunedin City's community and city affairs.	Create awareness through a variety of distribution channels to ensure the community is informed of DVML happenings.	Positive community feedback and increased satisfaction levels through the Residents Opinion Survey.
To engage with the DCC on a regular basis where the DCC can assist DVML to enable local and regional groups to access all facilities under its management.	Facilitate community access through providing funding for community events through the Community Access Grant (\$750,000 annually across all DVML venues).	Report to the DCC on the application of the Service Level Agreement for Community Event Funding to ensure it is applied efficiently and caters to a variety of events and community groups.
To be recognised as a positive contributor to the community.	Initiate opportunities to speak to the community, stakeholders and interested organisations.	Senior management conduct a minimum of five speaking engagements.

TIR – The total incident rate is the recorded incidents across all venues multiplied by 200,000 hours worked divided by the actual hours worked by people at the venues.

TRI – The total recordable incidents recorded is the total number of lost time injuries, or injuries which require medical treatment administered by a professional Doctor

LTI – A lost time injury that leads to an employee being absent from work

LTIFR – The lost time injury frequency rate is measured by the number of lost time injuries per 1,000,000 hours worked

IFRE – The Incident Frequency Rate Events is measured by the number of registered incidents divided by the number of attendees.

6. Performance Targets and Other Measures contd

MARKETING AND BUSINESS (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
To increase economic benefit to the Dunedin City and region through major events.	A minimum of \$5m visitor marginal direct spend per each major event (> 10,000 pax) for Dunedin City.	Visitor Marginal Direct Spend target is achieved, determined through a post event patron survey assessed by an independent economist. Achieve minimum 80% satisfaction rating through surveys of all major events (> 10,000 pax). 60% of attendees of all major events (> 10,000 pax) to come from outside of Dunedin City.
Forsyth Barr Stadium to provide a sense of value to ratepayers.	Ratepayers feel satisfied that Forsyth Barr Stadium is delivering exceptional events and providing economic benefit to the city.	Achieve 85% ratepayer satisfaction with Forsyth Barr Stadium in the Dunedin City Council's Residents' Opinion Survey.
To build strong and long lasting commercial partnerships.	To work with DVML's Commercial Partners to deliver cost, quality and revenue outcomes consistent with DVML's budgets and Strategic Pillars.	Achieve a 80% retention rate of Commercial Partner renewals.
To lead the way with venue and facilities' development projects to ensure that DVML venue offerings are flexible, scalable and fit for purpose, and create new opportunities for growth as the industry returns to full strength.	Improving venue competitiveness by investing in and promoting DVML's venues to better meet the needs of the diverse range of event producers.	Produce a Venue Hirer document that encompasses all venues and shows the diversity of space.
To enhance the sense of value that DVML delivers to its Members.	Members feel valued, engaged and receive exceptional service through enhanced offerings.	Members receive quality engaging communication and content through a regular newsletter. Survey Members for satisfaction level – minimum 80% Satisfaction to be achieved. Achieve a 75% retention rate of member renewals.
To contribute in event bidding, origination and promotion for major events in Dunedin City.	Continue to identify opportunities for the city.	In conjunction with DCC, submit bids of a high quality that will secure events and drive economic benefit and civic pride for the city.
Increase utilisation of DVML venues.	To increase/provide new revenue streams and/or Member/Commercial Partner benefits.	Keep DVML board of directors updated with potential opportunities.

6. Performance Targets and Other Measures contd

ENVIRONMENT AND SUSTAINABILITY (DCC Strategic Framework Accountabilities – Te Ao Tūroa Environment)		
Goals	Objectives	Performance Measures
To be recognised as a positive contributor to Dunedin City's community. Contribute to Council's Strategic Framework and Climate Change and Carbon Neutrality initiatives.	Act as a socially and environmentally responsible corporate citizen. Develop sustainable practices. Work closely with DVML suppliers and clients, fostering partnerships that enhance DVML's venues' environmental performance. Offering assistance and advice where possible on formulating strategies to minimise environmental impact such as water, electricity, packaging and providing recycling facilities. Manage DVML operations to be economically and environmentally sustainable.	Prioritise cost effective carbon emission reducing projects. Systems for measuring and publicly reporting carbon emissions are established. The Company will develop an emissions reduction strategy and associated targets for inclusion in its 2022/2023 Statement of Intent. The Company will develop a waste reduction strategy and associated targets for inclusion in the 2022/2023 Statement of Intent. The Company will investigate solutions to reduce cups to landfill with associated targets for inclusion in the 2022/2023 Statement of Intent. Building Management System (BMS) has been reviewed annually to ensure maximum efficiency from Heating, Ventilation and Air-Conditioning (HVAC system).
HUMAN RESOURCES (DCC Strategic Framework Accountabilities – Social and Wellbeing)		
Goals	Objectives	Performance Measures
To maintain a workforce reflective of the organisation's level of operation. Create a working environment where everyone feels respected and valued, and that celebrates the diversity of the community in which we operate. Ensure staff are engaged with the company vision, purpose and values.	Retain and support staff who are able to activate venues and operations as the industry returns. Maintain HR and Health and Safety policies, practices and the appropriate levels of investment to position DVML as an employer of choice in the venue management business by enabling, recognising and rewarding the people who make a difference. To recognise and review staff performance.	Staff numbers are at a level and skill base whereby all business activity can be undertaken safely and effectively. Ensure all DVML employees are paid at least the Living Wage. Performance Reviews are conducted with all staff at least every six months, implement any training, improvements and recommendations as appropriate.

6. Performance Targets and Other Measures contd

FINANCIAL (DCC Strategic Framework Accountabilities – Economic Development)		
Goals	Objectives	Performance Measures
Attract major events to Dunedin with the assistance of the Event Attraction Fund (EAF), an annual grant from the Dunedin City Council of \$400,000.	Achieve a 15:1 Return On Investment of the Event Attraction Fund.	ROI is achieved and calculated by Visitor Marginal Direct Spend against the level of EAF investment for the major event.

SHAREHOLDER		
Goals	Objectives	Performance Measures
To bring to the attention of DCHL any matters where there may be conflict between the DCHL outcomes.	Consult with DCHL at the earliest possible time on matters where conflict may or could result.	Matters which may or could conflict have been escalated to the Shareholder.
Keep DCHL informed of all substantive matters.	To promptly advise DCHL on a 'no surprises' basis of any substantive matter that has the potential to impact negatively on DCHL and DVML with a particular focus on matters of interest to the media.	Report to DCHL within 24 hours of the Board becoming aware of substantive matters which have the potential to negatively impact on the Shareholder and DVML with a particular focus on matters of interest to the media.

7. FINANCIAL FORECASTS

a. The ratio of Shareholder Funds to Total Assets and the definition of those terms.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Shareholder Funds to Total Assets	13%	16%	20%

DVML has adopted a target Shareholder Funds to Total Assets ratio (equity ratio) of 10% but expects this ratio will fluctuate depending on a variety of circumstances including accounting entries relating to IFRS16 leases, asset renewal and investment cycles. In relation to IFRS16, the equity ratio is low in the early years of a lease contract and increases each year as the lease asset reduces. During periods of higher capital expenditure, the equity ratio will likely be lower and, at other times, may exceed the current target.

"Shareholder Funds" are represented by the paid-up capital, reserves created by the revaluation of specific assets, and retained earnings.

"Total Assets" means the aggregate amount of all current and non-current assets.

b. Estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholder.

	Year ending 30/06/2022	Year ending 30/06/2023	Year ending 30/06/2024
Dividend/Subvention Distributions	Nil	Nil	Nil

c. Other Financial Forecasts.

	Year ending 30/06/2022 \$'000	Year ending 30/06/2023 \$'000	Year ending 30/06/2024 \$'000
EBITDA	2,843	2,994	3,072
Net Profit after Tax	239	252	351
Cash Flow from Operations	976	196	975
Capital Expenditure	2,658	350	350

8. ACCOUNTING POLICIES

a) General Accounting Policies

The accounting policies recognised by the External Reporting Board (XRB) for the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

b) Particular Accounting Policies

The particular accounting policies, which materially affect the measurement and reporting of financial performance and financial position, are consistent across the DCHL group and are listed in DVML's Annual Report.

9. INFORMATION TO BE PROVIDED TO THE SHAREHOLDER IN THE FINANCIAL REPORTS

	Quarterly	Half Yearly	Annual
Key financial performance indicators	✓	✓	✓
Statement of Financial Performance		✓	✓
Statement of Financial Position		✓	✓
Statement of Cash Flows		✓	✓
Statement of Movement in Equity		✓	✓
Notes to the Financial Statements		✓	✓
Statement of Service Performance against Sol targets		✓	✓
Directors Report		✓	✓
Auditors Report			✓
Statement of Intent (Draft)			Prior to 1 March
Statement of Intent (Final)			Prior to 30 June

10. DIVIDEND POLICY

DVML's current policy is not to pay dividends.

DVML wishes to maintain an optimal capital structure and every three years will review that structure to determine whether additional capital can be released and whether changes need to be made to the Dividend Policy.

DVML's retention of cash is important:

- a) in an environment where future cashflow remains uncertain as a result of Covid-19 restrictions.
- b) to continue DVML's asset replacement program.
- c) to provide the ability to bid for major events.

11. ACQUISITION/DIVESTMENT OF ASSETS, OR SHARES IN ANY COMPANY OR ORGANISATION

DVML will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to DVML. In order to maximise benefit to DCHL, shares or assets may also be sold in response to, or in anticipation of, ongoing changes in the marketplace.

If the directors intend that DVML or its subsidiaries should acquire assets, they will obtain prior approval of DCHL where an investment into the new assets exceeds \$500,000. For the purpose of this section "Asset(s)" includes a group of assets similar in type, cost and useful life that are purchased together and can be identified and maintained as one asset or group of assets following purchase.

If the directors intend that DVML or its subsidiaries should subscribe for or otherwise acquire issued capital or an interest in any company or organisation (other than minimum holdings in listed companies in related industries) exceeding a total investment of \$500,000 they will obtain prior approval of DCHL.

The approval of DCHL is required before disposal by DVML of any segment of its business or shares in a subsidiary or associate company where the value of the asset to be disposed of exceeds the investment delegated authority of \$500,000.

12. COMPENSATION SOUGHT

At the request of the DCHL, DVML may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities. At present, DVML does not have any activities in respect of which its Board wishes to seek compensation from any local authority.

13. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The commercial value of DCHL's investment in DVML is considered by the directors to be not less than the Shareholder's Funds as disclosed in the Statement of Financial Position published in the last Annual Report.

This will be considered annually when the Sol is completed.

14. OTHER MATTERS AS AGREED BY THE SHAREHOLDER AND THE BOARD

- a) The approval of DCHL is also required before DVML could dispose of any segment of its business or shares in a subsidiary or associated company where the value of the asset to be disposed of exceeds the investment delegated authority set out in Section 11 above.

15. TRANSACTIONS WITH RELATED PARTIES

The DCC is the sole shareholder of DCHL.

DCHL is the sole shareholder in Aurora Energy Limited, City Forests Limited, Delta Utility Services Limited, Dunedin City Treasury Limited (DCTL), Dunedin Railways Limited, Dunedin Venues Management Limited and Dunedin Stadium Property Limited.

DCHL owns 50% of Dunedin International Airport Limited.

Transactions between the companies, DCC and other DCC controlled enterprises will be on a wholly commercial basis.

Charges from DCC and its other entities and charges to DCC and its other entities will be made for goods and services provided as part of the normal trading activities of each company.

DCHL and its subsidiaries will undertake to obtain all debt funding from DCTL, with exceptions as agreed with the board of DCHL.

Related Party Transactions

Dunedin City Council	DCC rates for properties leased by DVML.
	Event Attraction Fund and Community Access Grant.
	Occupancy of DCC owned property.
	Provision of services.
Dunedin City Treasury Limited	Provision for debt funding and deposit facilities to DVML generating interest payments to and from DCTL.
Dunedin Stadium Property Limited	Lease of property to DVML. Provision of facility management services.
Dunedin Railways Limited	Provision of management services.
Dunedin City Holdings Limited	Functions appropriate between Parent company and subsidiary.



16. GROUP FACILITY USE

DVML will undertake to operate "Group" purchasing of goods and services, unless it is demonstrated conclusively to DCHL that the total combined cost of such Group purchasing to the Group and DCC (including the costs of ceasing any such Group purchasing), is greater than any alternative identified.

17. WORKING WITH THE SHAREHOLDER

DVML will undertake to keep DCHL informed of all substantive matters, as set out in the performance measures above. DVML will work to build a culture of accountability and constructive working practices between DCHL and DVML.

It is expected that any conflicts that may arise between DCHL and DVML will be resolved directly between DCHL and DVML, in accordance with appropriate governance practices.

DVML will not accept sponsorship or award naming rights to companies involved in activities deemed to be inconsistent with DCC's ethical position.

DVML will disclose in its Annual Report the proportion of its workforce receiving the living wage (as calculated by the New Zealand Family Centre Social Policy Unit).



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